

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. RPU-2014-0001
---	--------------------------

**ORDER APPROVING CORPORATE UNDERTAKING AND
DENYING REQUEST FOR NOTICE**

(Issued February 19, 2014)

On January 13, 2014, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a “Motion for Approval of Corporate Undertaking and Corporate Undertaking.” IPL said the filing was made in compliance with the Board’s January 31, 2013, order in Docket Nos. SPU-2005-0015 and TF-2012-0577, where IPL was directed to file a corporate undertaking by January 13, 2014, in the event IPL files a general rate case proceeding in the first quarter of 2014. IPL said that it is working with the parties to resolve issues related to the new purchase power agreement (PPA) with NextEra Energy Duane Arnold, LLC (NextEra), but that if those issues are not resolved IPL is committed to removing NextEra PPA capacity costs from base tariff rates in a general rate case for 2014, with a refund obligation that begins the same day as energy adjustment clause (EAC) cost recovery for the new NextEra PPA charges starts, that is, on February 22, 2014.

On January 27, 2014, the Large Energy Group (LEG) filed a resistance to IPL’s motion for approval of corporate undertaking. LEG said that the corporate undertaking was deficient because it does not commit IPL to refund any of the

increase in rates associated with the costs that will be recovered by IPL through the EAC beginning February 22, 2014. LEG also argued that IPL should be required to provide prior written notice to affected customers of the increase in costs to be recovered through the EAC beginning on February 22, 2014. LEG filed an amendment to its resistance on January 29, 2014, in which it said it believes the increase in IPL's EAC from the new NextEra PPA will be at least \$58 million annually.

On February 5, 2014, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response to LEG's resistance. Consumer Advocate acknowledged that IPL will only be required to refund any net over-recovery determined at the conclusion of the case, and that IPL's corporate undertaking generally conforms to the guidance contained in the Board's January 31, 2013, order. Consumer Advocate also said the Board determined that the new DAEC PPA costs are appropriately recovered through the EAC and that there is no notice requirement for recovery of such costs through IPL's existing EAC, citing Iowa Code § 476.6(8) and 199 IAC 20.9.

On February 7, 2014, IPL filed a response to LEG's resistance. IPL presented a history of the proceedings that resulted in the January 31, 2013, order in Docket Nos. SPU-2005-0015 and TF-2012-0577. IPL again asserted that its corporate undertaking is consistent with its commitments and that no notice is required.

On February 12, 2014, LEG replied to Consumer Advocate's response. LEG contended that, contrary to Consumer Advocate's assertions, customer notice is

required because the increase in the EAC “is tantamount to an interim (temporary) rate increase,” for which notice would be required.

On February 14, 2014, LEG replied to IPL’s response. Among other things, LEG said that in paragraph 33 of IPL’s reply, IPL disclosed privileged information about ongoing negotiations between the parties. LEG asked the Board to disregard this information.

Before addressing the two issues raised by LEG, the Board notes that it will not determine whether the information disclosed by IPL in paragraph 33 of its reply is privileged information related to ongoing negotiations between the parties. However, the Board does not rely on the information contained in paragraph 33 of IPL’s February 7, 2014, response in making its decision on the two issues raised by LEG.

With respect to the first issue, no customer notice is required. The increase in EAC charges does not trigger a requirement for customer notice. Iowa Code § 476.6(8) and 199 IAC 20.9. While the Board might have the authority to require a special notice, it did not do so in its January 31, 2013, order approving EAC recovery for the new DAEC PPA and will not do so here. In the event IPL brings a rate case in the first quarter of 2014, the appropriate customer notice will be required at that time.

Second, the corporate undertaking provided by IPL conforms to the guidelines set forth in the Board’s January 31, 2013, order and is sufficient to secure any refund obligation. The corporate undertaking is merely a security document guaranteeing that the utility has to pay any refund obligation. IPL’s corporate undertaking appropriately begins the refund obligation on February 22, 2014, and states that if its

current rates exceed the revenue requirement established in the 2014 proceeding, it will refund the difference. That is how refund obligations have traditionally been measured.

The Board notes that it views the corporate undertaking as securing the refund obligation. However, if the refund ultimately determined by the Board is higher than the corporate undertaking because of an error or other reason, that does not mean the utility would not owe the refund; it would only mean that the amount of its potential liability as stated on its financial statements would have been incorrect.

IT IS THEREFORE ORDERED:

1. Interstate Power and Light Company's motion for approval of corporate undertaking, filed on January 13, 2014, is approved.
2. The Large Energy Group's resistance to IPL's proposed corporate undertaking and its request for customer notice is denied.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 19th day of February 2014.